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Weekly
Roundup

WR 44-85

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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

The EUROPEAN COMMUNITY (EC) Commission has released 900,000 tons of bread-quality wheat from French intervention stocks, 600,000 tons for export to non-EC countries and 300,000 tons for domestic sale. The release for third-country export is expected to increase competition on world markets while indicating the Commission's willingness to draw down bread-quality stocks that were estimated at 4.3 million tons as of July 31, 1985. The domestic release is seen as a move to supplement this year's small, weather-damaged crop of bread-quality wheat, which has already caused a tightening of domestic supplies and rising prices. The move should also help to diminish the demand for imports of milling-quality wheat from third-countries.

Unseasonably warm, dry weather across much of southern WESTERN EUROPE for the past two months has damaged pasture, range and forage crops. Farmers in France and Italy are beginning to use feed grains and forage that were stored for winter. Increased feed grain use is expected to alleviate some export pressure while raising intra-EC trade, as feed wheat, particularly from the United Kingdom, is moved to feed grain deficit areas. In Spain, increased feed grain use could divert some of Spain's large domestic barley stocks from a previously announced export program into domestic channels.

Competition in world barley markets is expected to intensify with the recent entry of SPAIN as a significant barley exporter. Two back-to-back, bumper harvests have resulted in large domestic availabilities, depressed internal prices, appreciable stocks and a growing pressure to export. The government, which apparently wants to reduce stocks prior to EC accession, has used large subsidies to export approximately 1 million tons in the first quarter of 1985/86 (July/June). Another aggressive marketing program was expected for up to 1 million tons. However, recent reports of poor pasture and range conditions may mean increased demand for barley and other feed grains by the livestock and dairy industries, tempering barley export availabilities.

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DAIRY, LIVESTOCK AND POULTRY

Meat production in the SOVIET UNION continued to expand while animal numbers (except for poultry inventories) fell below year-ago levels, according to the U.S. agricultural attache in Moscow. Total meat production on state and collective farms during January-September 1985 was 3 percent above the same period in 1984. For individual meats, beef production was up 4 percent, pork was 1 percent higher and poultry meat increased nearly 7 percent while mutton and goat meat output was down nearly 5 percent. Milk and egg production were up 10 and 3 percent, respectively.

Cattle numbers on state and collective farms on Oct. 1, 1985, were reported at 95.4 million head, slightly below year-ago levels. Hog numbers were reported at 60.3 million, about 3.2 percent below Oct. 1, 1984. Sheep and goat numbers were reported at 121 million head, down 2.5 percent. Poultry numbers on October 1 were up 2.9 percent.

BELGIAN veterinary authorities have discovered 11 outbreaks of hog cholera since October 9 in the northern part of Belgium, where most of the country's 775,000 tons of pork is produced. Between 4,000 and 5,000 hogs have been slaughtered and a buffer zone of 3 kilometers around each of the centers of the outbreaks has been set up to prohibit the transport of all hogs. The outbreaks are believed to have been caused by unvaccinated hogs imported from other parts of Belgium or the Netherlands.

COTTON

INDIA has suspended cotton imports to bolster domestic cotton prices. India authorized cotton imports in July to replenish domestic supplies until 1985 crop Indian cotton became available. About 58,000 bales have been imported from Pakistan. The remainder of the July authorization will not be imported. India has also released 308,000 bales of long and extra-long staple cotton for export to help support domestic price levels.

SWISS industry experts forecast a further increase in the U.S. market share of extra-long staple cotton. Due to high prices for Egyptian Pima cotton, U.S. Pima is in a very good market position since there are few substitutes. Medium-staple U.S. cotton, however, faces severe competition from other countries. Nevertheless, Swiss cotton traders claim that they are very satisfied with trade practices and business principles in the United States, compared with other countries, and consider the United States a long-term trading partner.

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According to the U.S. agricultural counselor in Canberra, AUSTRALIA's 1985/86 cotton crop is currently forecast at 886,000 bales from a harvested area of 176,000 hectares. Planting is currently underway in most areas. In the Naomi, Gwydir and Macquaire Valleys of New South Wales, plantings are four to five days ahead of average because of good soil moisture conditions. Planting conditions in the growing areas of central Queensland are also good and increased plantings are expected. However, water and soil moisture levels are average on the Darling Downs in Queensland. Overall, irrigation supplies for cotton are reported to be adequate and irrigated plantings are expected to increase. However, due to the high degree of yield risk, plantings of dryland cotton are expected to fall significantly below the 8,000 hectares sown in 1984/85. During the 1984/85 cotton season, Australia produced a record 1.1 million bales of cotton from a harvested area of 170,000 hectares.

TOBACCO

The net positive U.S. trade balance for tobacco increased 13 percent to \$1.2 billion during the January-August 1985, compared with the same period last year. January-August tobacco shipments were 126,631 tons, valued at \$811.3 million, up 8 percent in volume and nearly 10 percent in value from 1984. Many foreign buyers took advantage of the improved quality of the 1984 crop, exported in 1985, to replenish stocks drawn down during 1984. Also, the pace of U.S. cigarette exports is ahead of 1984 with the volume up 5 percent and value up 8 percent.

Unmanufactured tobacco imports for consumption (duty paid) for January-August 1985 totaled 130,175 tons, valued at \$381.0 million, up 1.5 percent in quantity, but down marginally in value from last year. Oriental tobacco and tobacco stems were responsible for the increased volume. Flue-cured and burley tobacco imports were off during the period and are expected to be down for the year.

FRUITS

In TUNISIA, 1985/86 citrus production is forecast at a record 230,000 tons, up 19 percent from last year's weather-reduced harvest and the largest output since an equally large 1977/78 crop, according to the U.S. agricultural trade officer in Tunis. The projected production increase is attributed to plentiful rains and a newly completed irrigation system. Production of oranges is forecast at a record 147,000 tons, up 24 percent from last year. Most of Tunisia's orange production is of Maltese (blood) oranges.

SUGAR

Centrifugal sugar production in 28 SELECTED countries for 1985/86 is forecast at 77.3 million tons (raw value), down 4 percent from the 1984/85 estimate of 80.4 million. These countries account for slightly more than three-fourths of the production included in the 1985/86 world total forecast of 99.6 million tons reported in May 1985 (see WR19-85). In aggregate, production in these countries is 3 percent below the May forecast, based mainly on reduced output in Brazil and Cuba of more than 1 million tons.

In Cuba, a prolonged drought restricted plant growth and delayed the planting of the winter cane crop. By the end of September, only 176,500 acres were planted, which was less than 50 percent of the planned winter crop. Sugar production in Brazil is forecast at 8.2 million tons, down 7 percent from the May forecast and 12 percent below last season (see WR 27-85 for more detail). An extended late summer drought may reduce cane yields but the impact will probably be greater on alcohol rather than sugar production. In Argentina and Colombia, sugar outturn is expected to decline by 355,000 and 164,000 tons, respectively, from 1984/85. Harvested cane area in Argentina is estimated to be down 50,000 hectares from last year.

In France, the largest producer in the European Community, excellent September weather and a slightly higher beet area than previously announced has raised the forecast by 5 percent over May, although total output will be off 2 percent from 1984/85. West Germany is now expected to produce 3 percent more sugar than last year (also 3 percent above the May forecast) because of slightly above-average sugar content. An extended summer drought has reduced prospects for this year's crop in Italy. The reduced sugarbeet output was moderated by increased sugar content associated with the dry period.

In the United Kingdom, harvested area in 1985/86 is estimated at 200,000 hectares, 2 percent above the previous year, but sugar production is not expected to match last year's level when unusually good weather prevailed throughout the crop developing season. The Soviet sugar output forecast is unchanged from May and is the same as the 1984/85 crop. Beet production will likely exceed the tonnage of last year, but the slower pace of the 1985 harvest is expected to reduce average sucrose content. Poland's sugarbeet harvest was 50 percent complete on October 24, and although beet tonnage will be down from last year, raw sugar output is now forecast up 2 percent from May.

Sugar production in 1985/86 is forecast to increase in two of Asia's largest producing countries. In India, production in 1985/86 is expected to exceed the previous year's output by 4 percent, but is 8 percent below the May forecast. The sugar cane crop in India was adversely affected by the infection of *Pyrilla* pest, scale insects and drought in some isolated areas during the 1985 monsoon. Chinese raw sugar production for 1985/86 is forecast at 5.2 million tons, up 12 percent from last year and 3 percent above the May forecast based on a substantial expansion in area planted. The cane area in China is estimated at 850,000 hectares in 1985, or 122,000 above the previous year. Beet planted area in China is estimated at 630,000 hectares, or 128,000 above 1984/85.

A shortage of canal water for irrigation during April-June reduced the 1985/86 sugar crop estimate in Pakistan to 1.3 million tons, 9 percent below the May forecast. Sugar production in the Philippines is estimated at 1.4 million tons, down from last year due to low producer prices. Thailand's sugar production in 1985/86 is expected to be 5 percent above the May forecast and the same as last year's outturn. In Taiwan, sugar production is projected to decrease by more than 100,000 tons from a year ago because of a reduction in area planted due to a sharp lowering of the government's sugar production target for 1985/86.

Although South Africa's production prospects improved since May, output is estimated to be 5 percent less than last year's all-time record output. Australia's raw sugar production for 1985/86 is forecast to be down slightly from last year because of a 5,000-hectare reduction in cane area.

Individual country sugar production estimates are as follows in 1,000 tons (raw basis):

	1984/85	-----1985/86-----	
		May	October
Mexico	3,436	3,605	3,500
United States	5,240	5,307	5,398
Cuba	8,200	8,200	7,000
Dominican Republic	1,000	900	875
Belize	98	110	104
Argentina	1,535	1,180	1,180
Brazil	9,300	8,800	8,200
Colombia	1,389	1,305	1,225
Peru	730	750	730
France	4,303	4,036	4,225
Germany	3,150	3,150	3,250
Italy	1,385	1,605	1,360
United Kingdom	1,440	1,300	1,300
Poland	1,878	1,774	1,812
Yugoslavia	996	1,000	905
USSR	8,800	8,800	8,800
Egypt	790	770	770
South Africa	2,514	2,228	2,377
Madagascar	79	175	95
Turkey	1,655	1,725	1,500
China	4,627	5,052	5,196
India 1/	7,071	7,983	7,344
Japan	934	800	870
Pakistan	1,395	1,400	1,280
Philippines	1,600	1,300	1,400
Taiwan	662	560	550
Thailand	2,601	2,465	2,600
Australia	3,547	3,400	3,500
Total Above	80,355	79,680	77,346

1/ Includes Khandsari.

COFFEE

In BRAZIL, dry conditions continue in some areas of the states of Parana, Sao Paulo, Mato Grosso do Sul and Minas Gerais, possibly affecting coffee trees that are in the flowering stages of the 1986/87 crop. The normal dry season extends from June through August in this area. Unusually dry weather has persisted through September and October, leaving the region with a substantial moisture deficit. Coffee flowering normally coincides with the onset of spring rains. An agronomist from the office of the U.S. agricultural counselor in Brasilia is currently making a field survey through the major coffee-producing areas and will provide an assessment of the dry weather effects when the trip is completed.

Selected International Prices

Item	:	Oct. 29, 1985	:	Change from	:	A year
	:		:	previous week	:	ago
ROTTERDAM PRICES 1/		\$ per MT		\$ per MT		\$ per MT
Wheat:						
Canadian No. 1 CWRS-13.5% 9/	191.00	5.20	0	190.00		
U.S. No. 2 DNS/NS: 14%....	174.50	4.75	-.50	173.00		
U.S. No. 2 S.R.W.	144.00	3.92	+1.00	163.75		
U.S. No. 3 H.A.D.....	168.00	4.57	-6.00	189.00		
Canadian No. 1 A: Durum...	N.Q.	--	--	206.00		
Feed grains:						
U.S. No. 3 Yellow Corn....	112.50	2.86	+1.00	132.50		
Soybeans and meal:						
U.S. No. 2 Yellow.....	204.50	5.56	-1.50	248.00		
Brazil 47/48% SoyaPellets	189.00	--	0	189.00		
U.S. 44% Soybean Meal....	171.00	--	-3.00	168.50		
U.S. FARM PRICES 3/						
Wheat.....	114.26	3.11	+2.20	127.49		
Barley.....	64.76	1.41	0	84.05		
Corn.....	86.22	2.19	+1.57	104.83		
Sorghum.....	80.25	3.64 2/	-1.98	92.81		
Broilers.....	1128.92	--	+74.30	1052.26		
EC IMPORT LEVIES						
Wheat 5/.....	100.15	2.73	-1.20	44.35		
Barley.....	99.85	2.17	-.55	50.90		
Corn.....	89.35	2.27	-2.50	46.15		
Sorghum.....	98.50	2.50	-4.20	63.00		
Broilers 4/ 6/ 8/.....	189.00	--	-1.00	162.00		
EC INTERVENTION PRICES 7/						
Common wheat(feed quality)	156.40	4.26	-.90	140.05		
Bread wheat (min. quality)	166.90	4.54	-.95	149.45		
Barley and all						
other feed grains.....	156.40	--	-.90	140.05		
Broilers 4/ 6/.....	1234.00	--	+4.00	1074.00		
EC EXPORT RESTITUTIONS (subsidies)						
Wheat	62.90	1.71	+3.35	N.A.		
Barley.....	68.35	1.49	+1.75	19.90		
Broilers 4/ 6/ 8/.....	109.00	--	0	96.00		

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ September shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis November delivery.

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